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May 21, 2010

Hon. Sandra J. Feuerstein  
United States District Court  
Eastern District of New York  
Long Island Courthouse  
100 Federal Plaza  
Central Islip, NY 11722

Re: *Robert I. Toussie v. Smithtown Bancorp, Inc., Bradley E. Rock, Sr. and  
Bradley E. Rock, Jr., Civil Action No. 2:10-cv-02179(SJF)(WDW)*

Dear Judge Feuerstein:

We represent defendants Smithtown Bancorp, Inc., ("Smithtown Bancorp" or the "Company"), Bradley E. Rock, Sr., and Bradley E. Rock Jr. (the "Defendants") in the above captioned action (the "Toussie Action") and we write to request that the case be re-assigned to the Honorable Sandra E. Townes so that Defendants may move to consolidate the Toussie Action with two previously filed shareholder class actions that involve substantially the same parties, factual allegations and legal theories.

By way of background, on February 5, 2010, a putative class of Smithtown Bancorp shareholders filed a complaint captioned *Waterford Township Police & Fire Retirement System v. Smithtown Bancorp, et al.*, No.10-cv-00864 (SLT) (RER), against Smithtown Bancorp and certain of its officers and directors asserting claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934. The *Waterford* complaint alleges that Smithtown Bancorp's public disclosures during the period from March 13, 2008 to February 1, 2010 were false and misleading because, among other things: (i) the Company understated its loan loss reserves and failed to state certain of its assets at fair value; (ii) the Company improperly delayed the recognition of impaired assets; (iii) the Company's internal and disclosure controls were deficient; and (iv) the Company was engaged in unsafe and/or unsound banking practices.

On March 29, 2010, a second class action complaint, captioned *Yourgal v. Smithtown Bancorp, et al.*, No. 10-cv-01405 (DGT) (RML), was filed asserting substantially the same factual allegations and legal theories, with the addition of claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933.

Pursuant to the Private Securities Litigation Reform Act of 1995, on April 26, 2010, plaintiffs in the *Waterford* action moved for consolidation of *Waterford* and *Yourgal*, appointment as lead

May 21, 2010  
Page 2

plaintiffs, and for approval of their selection of lead counsel. That motion is currently pending before Judge Townes.

Plaintiff filed the Toussie Action in New York Supreme Court, Kings County on April 23, 2010 alleging that Smithtown Bancorp's public disclosures during the same period were false and misleading for the same reasons as alleged in *Waterford* and *Yourgal*. Indeed, many paragraphs of the Toussie complaint simply repeat, word-for-word, the allegations in *Waterford* and *Yourgal*. Although pleading substantially identical facts, the Toussie Action labels its causes of action as common law fraud and aiding and abetting rather than as federal securities law claims. Defendants removed the Toussie Action to this Court on May 14, 2009. For the Court's convenience, true and correct copies of the *Toussie*, *Waterford* and *Yourgal* complaints are attached as Exhibits A – C.

Based on the foregoing, Defendants respectfully request that the Toussie Action be re-assigned to Judge Townes so that Defendants may move to consolidate this case with the pending *Waterford* and *Yourgal* actions. Because of the substantial overlap of parties, legal theories, factual allegations and relevant discovery, reassignment and consolidation will help streamline case management issues and conserve judicial and party resources.

Defendants are of course available at the Court's convenience if Your Honor has any questions or concerns about the pending litigations and/or the request for reassignment.

Respectfully submitted,



William M. Regan

Enclosure

cc: Honorable Sandra L. Townes  
Honorable David E. Trager  
Scott Balber, Esq. (Counsel for Robert I. Toussie)  
Samuel H. Rudman, Esq. (Counsel for the *Waterford* plaintiffs)  
Curtis V. Trinko, Esq. (Counsel for the *Yourgal* plaintiffs)